

IN RE: TROY MILLS, INCORPORATED,	Case No.: 1:01-bk-13341
Debtor.	Chapter 7

WHEREAS, on October 10, 2001, Troy Mills, Incorporated (“Troy Mills” or “debtor”) filed a petition in bankruptcy under Chapter 11 of Title 11 of the Bankruptcy Code, 11 U.S.C. § 101, *et seq.*, as amended (the “Bankruptcy Code”), in the United States Bankruptcy Court for the Northern District of West Virginia, which petition in bankruptcy was subsequently converted to Chapter 7 on December 23, 2003;

WHEREAS, the claim was filed as a general unsecured claim, except to the extent of any secured/trust interest in any insurance proceeds received by the debtor on account of environmental liability to the United States, and to the extent administrative priority exists relating to property of the estate;

WHEREAS, no judgments have been rendered and no payments by the debtor have been made on the United States' claim;

WHEREAS, Troy Mills operated an acrylic fabrics manufacturing facility at its Troy, New Hampshire facility until at least December 2001;

WHEREAS, the United States alleges in its claim that Troy Mills is liable to the United States pursuant to Section 107(a) of CERCLA, 42 U.S.C. § 9607(a), for response costs incurred and to be incurred by the United States with respect to the Site because it is the owner of the Site from which there is a release or threatened release of "hazardous substances," within the meaning of Section 101(14) of CERCLA, 42 U.S.C. § 9601(14), was the owner and operator of the Site at the time of disposal of such hazardous substances, arranged for the disposal or treatment, or arranged with a transporter for the disposal or treatment, of such hazardous substances, and transported from its manufacturing facility to the Site such hazardous substances, which caused and will cause the United States to incur response costs not inconsistent with the National Contingency Plan, 40 C.F.R. Part 300;

WHEREAS, the United States contends that EPA conducted and continues to conduct response activities at the Site to clean up hazardous substances resulting from Troy Mills' manufacturing operations, and has incurred approximately \$10 million in unreimbursed post-petition response costs to date, with an estimated additional \$4 million in response costs expected to be incurred;

WHEREAS, the United States believes that the imposition of Institutional Controls are necessary in order to limit future activities at the Site which would interfere with or

be inconsistent with the remediation of the Site and could endanger human health and the environment;

WHEREAS, the United States, on behalf of EPA, the trustee, debtor Troy Mills, and debtor's estate (collectively, the "parties"), without admission of liability by any party, desire to settle and resolve the claim in accordance with the terms and conditions of this Settlement Agreement;

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration, receipt of which is hereby acknowledged;

IT IS HEREBY STIPULATED AND AGREED TO by and between the parties hereto, subject to approval by the Bankruptcy Court, as follows:

1. The United States shall have an allowed administrative expense claim in the amount of \$14 million (the "Allowed Claim"), to be paid from the following sources:

a. The proceeds from any sale or other disposition of the real property by the Trustee, identified on Tax Map 17, Lot 0025, and at the Cheshire County Clerk's Office, New Hampshire, in Deed Book 291, Page 283 (the "real property"), currently owned by the debtor/trustee, subject to any Chapter 7 administrative costs of the Trustee, superior liens, or mortgages held on the real property.

2. Prior to any motion to abandon the subject property or any sale or other disposition, the Troy Mills bankruptcy trustee (trustee) shall grant to the State of New Hampshire an Easement (restrictive covenant), in substantially the form as attached hereto as Exhibit A, which is to run with the land and grants to the State of New Hampshire (State) various rights of access for the purpose of conducting any activities related to oversight and enforcement of the

remediation, and also grants to the State the right to enforce the land/water use restrictions identified therein. The Trustee shall grant the easement, in substantially the same form as attached hereto as Exhibit A within 30 days of presentation by EPA for signature.

3. This Settlement Agreement having been entered as an order by the Bankruptcy Court, and prior to any motion to abandon the subject property or sale or other disposition, the Troy Mills bankruptcy trustee (trustee) shall allow the State of New Hampshire to execute and record in the Recorder's Office of Registry of Deeds or other appropriate land records office of Troy, New Hampshire, the Easement (restrictive covenant) referenced in Paragraph 2. The trustee shall cooperate and provide any assistance to the State necessary to execute and record the Easement in the Recorder's Office of Registry of Deeds or other appropriate land records office of Troy, New Hampshire.

4. If there is no sale or other disposition of the subject property, the trustee may, within 90 days after the Easement referred to in Paragraph 2 has been executed and recorded in the Recorder's Office of Registry of Deeds or other appropriate land records office of Troy, New Hampshire, move, without objection by the United States, the Bankruptcy Court for an order to abandon the real property.

5. EPA shall be permitted to file a Federal lien, pursuant to Section 107(l) or (r) CERCLA, 42 U.S.C. § 9607(l) or (r), and 11 U.S.C. § 362(d), upon the debtor's real property. The trustee and the debtor do not to oppose the filing. A copy of the Settlement Agreement may be recorded.

6. The amount of net cash received by EPA as a result of the distribution(s),

if any, to be made on the Allowed Claim (as described in paragraph 1 above), and not the amount of the Allowed Claim, shall reduce the amount of response costs for which any non-settling potentially responsible parties may be liable.

7. In consideration of the distributions that will be made by the trustee under the terms of this Settlement Agreement, and except as provided in paragraph 8 of this Settlement Agreement, the United States, on behalf of EPA, covenants not to bring a civil action or take administrative action against the debtor pursuant to Sections 106 and 107 of CERCLA and Section 7003 of RCRA relating to the Site. This covenant not to sue is conditioned upon the complete and satisfactory performance by the trustee of its obligations under this Settlement Agreement. This covenant not to sue extends only to the debtor, and does not extend to any other person.

8. The covenant not to sue set forth in the previous paragraph does not pertain to any matters other than those expressly specified in the claim. The United States, on behalf of EPA, reserves, and this Settlement Agreement is without prejudice to, all rights against the debtor and debtor's estate with respect to all other matters not expressly specified in the claim, and specifically with respect to: liability for damages for injury to, destruction of, or loss of natural resources; liability for response costs that have been or may be incurred by federal and state agencies which are trustees for natural resources; claims based on a failure by the debtor or debtor's estate to meet a requirement of this Settlement Agreement; claims for any site other than the Site; any claim for criminal liability; and liability for disposal of CERCLA hazardous substances at the Site after the effective date of this Settlement Agreement by the debtor or debtor's estate.

9. With regard to claims for contribution against the trustee, debtor, or debtor's estate for matters addressed in this Settlement Agreement, the trustee, debtor and debtor's estate are entitled to such protection from contribution actions or claims as is provided by CERCLA Section 113(f)(2), 42 U.S.C. § 9613(f)(2).

10. The trustee, debtor, and debtor's estate covenant not to sue and agree not to assert any claims or causes of action against the United States with respect to the Site, including but not limited to: any direct or indirect claim for reimbursement from the Hazardous Substance Superfund with respect to the Site, any claims for contribution against the United States, its departments, agencies or instrumentalities with respect to the Site, and any claims arising out of response activities at the Site. Nothing in this Settlement Agreement shall be construed to constitute preauthorization of a claim within the meaning of Section 111 of CERCLA, 42 U.S.C. § 9611 or 40 C.F.R. § 300.700(d).

11. Nothing in this Settlement Agreement shall be construed to create any rights in, or grant any cause of action to, any person not a party, other than the State of New Hampshire as expressly provided herein, to this Settlement Agreement.

12. The entry into this Settlement Agreement by the trustee, debtor, and debtor's estate is subject to Bankruptcy Court approval. This Settlement Agreement will be lodged with the Bankruptcy Court and submitted for public comment for a period of thirty (30) days following notice of the Settlement Agreement in the Federal Register. The United States reserves the right to withdraw or withhold its consent if the public comments regarding the Settlement Agreement disclose facts or considerations which indicate that the Settlement Agreement is inappropriate, improper, or inadequate.

13. Approval of this Settlement Agreement shall constitute a judgment entered for the United States pursuant to Bankruptcy Rule 9021.

14. If this Settlement Agreement is not authorized and approved by the Bankruptcy Court, this Settlement Agreement shall be of no force and effect, whereupon nothing herein shall be deemed an admission of any fact or waiver of any right of any party with respect to the matters contained herein.

15. This Settlement Agreement represents the complete agreement of the parties hereto on the matters referred to herein and supersedes all prior agreements, understandings, promises and representations made by the parties hereto concerning the subject matter hereof. This Settlement Agreement may not be amended, modified or supplemented, in whole or in part, without the prior written consent of the parties hereto and the approval of the Bankruptcy Court.

So ORDERED this _____ day of _____, 2007.

UNITED STATES BANKRUPTCY JUDGE

FOR THE UNITED STATES OF AMERICA

Date

ELLEN MAHAN
Deputy Chief
Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice

Date _____

Date _____

Date _____

One Congress Street
Suite 1100, SES
Boston, MA 02114-2023
(617) 918-1891

FOR DEBTOR TROY MILLS, INCORPORATED

10/30/2007
Date

BARRET F. RIPLEY
President and CEO (Former)
Troy Mills, Incorporated

~~8 James Hill Drive~~
~~Keene, NH 03465~~

45 CORCORAN AVENUE
NEWPORT, RI 02840

FOR THE TRUSTEE

10-23-07
Date

THOMAS H. FLUHARTY
Trustee
408 Lee Street
Clarksburg, WV 26301

FOR THE DEBTOR'S ESTATE

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